

# THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1589.  
FILED, JANUARY 4th. 1968.

ORCHAN MINES LIMITED

Full corporate name of Company

Incorporated under the laws of the Province of Ontario by Letters Patent dated March 6, 1953, with Supplementary Letters Patent dated

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953) July 30, 1957 and July 20, 1961.

(Ontario) by Letters Patent dated May 1st, 1957).

## FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

Reference is made to previous Filing Statement No. 761.

|                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------|---------------------------------|-----------------------|------------------------------------------------|---------------------------------------------|----------|---------------------------------------|-----------------|----------|--------------------------------------------------|------------------------------------------|----------|----------------------------------------------|---------------------------------------|-----------|----------------------------------------------------|----------------------------------|-----------|--------------------------------------------|----------------------------------|
| 1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.                                                                                                               | See Schedule "A" on page 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 2. Head office address and any other office address.                                                                                                                                                                               | 20 King Street West, Toronto 1, Ontario.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.                                                                                                                   | <table><tr><td>President &amp; Director</td><td>James Patrick Dolan,<br/>7 Glen Rush Blvd., Toronto</td><td>President,<br/>Iso Mines Limited</td></tr><tr><td>Vice-Pres. &amp; Director</td><td>William S. Row,<br/>168 Forest Hill Rd. Toronto</td><td>Executive Vice Pres., Noranda Mines Limited</td></tr><tr><td>Director</td><td>Michel C. Dumas,<br/>Malartic, Quebec.</td><td>Mining Engineer</td></tr><tr><td>Director</td><td>D. E. G. Schmitt,<br/>270 Cortleigh Blvd. Toronto</td><td>Vice-Pres., Mines, Noranda Mines Limited</td></tr><tr><td>Director</td><td>J. H. Stovel,<br/>9 Birchwood St., Willowdale</td><td>President, Kerr Addison Mines Limited</td></tr><tr><td>Secretary</td><td>R. Carl Ashenhurst,<br/>1681 Bramsey Dr., Clarkson.</td><td>Secretary, Noranda Mines Limited</td></tr><tr><td>Treasurer</td><td>E. K. Cork,<br/>94 Binscarth Rd., Toronto 5</td><td>Treasurer, Noranda Mines Limited</td></tr></table> | President & Director                        | James Patrick Dolan,<br>7 Glen Rush Blvd., Toronto | President,<br>Iso Mines Limited | Vice-Pres. & Director | William S. Row,<br>168 Forest Hill Rd. Toronto | Executive Vice Pres., Noranda Mines Limited | Director | Michel C. Dumas,<br>Malartic, Quebec. | Mining Engineer | Director | D. E. G. Schmitt,<br>270 Cortleigh Blvd. Toronto | Vice-Pres., Mines, Noranda Mines Limited | Director | J. H. Stovel,<br>9 Birchwood St., Willowdale | President, Kerr Addison Mines Limited | Secretary | R. Carl Ashenhurst,<br>1681 Bramsey Dr., Clarkson. | Secretary, Noranda Mines Limited | Treasurer | E. K. Cork,<br>94 Binscarth Rd., Toronto 5 | Treasurer, Noranda Mines Limited |
| President & Director                                                                                                                                                                                                               | James Patrick Dolan,<br>7 Glen Rush Blvd., Toronto                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | President,<br>Iso Mines Limited             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| Vice-Pres. & Director                                                                                                                                                                                                              | William S. Row,<br>168 Forest Hill Rd. Toronto                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Executive Vice Pres., Noranda Mines Limited |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| Director                                                                                                                                                                                                                           | Michel C. Dumas,<br>Malartic, Quebec.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Mining Engineer                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| Director                                                                                                                                                                                                                           | D. E. G. Schmitt,<br>270 Cortleigh Blvd. Toronto                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Vice-Pres., Mines, Noranda Mines Limited    |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| Director                                                                                                                                                                                                                           | J. H. Stovel,<br>9 Birchwood St., Willowdale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | President, Kerr Addison Mines Limited       |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| Secretary                                                                                                                                                                                                                          | R. Carl Ashenhurst,<br>1681 Bramsey Dr., Clarkson.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Secretary, Noranda Mines Limited            |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| Treasurer                                                                                                                                                                                                                          | E. K. Cork,<br>94 Binscarth Rd., Toronto 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Treasurer, Noranda Mines Limited            |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 4. Share capitalization showing authorized and issued and outstanding capital.                                                                                                                                                     | Authorized - 6,500,000 of \$1.00 each<br><br>Issued and outstanding - 5,986,505 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.                                                                                                                | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.                                                     | See item 1 above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof. | See item 1 above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.                                                                | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |
| 9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.                                                                                           | As the Company is a producing mine full particulars of its future development plans will be found in the Company's Annual Report to its shareholders. It is proposed in due course to mine the indicated ore on the Garon Lake Mines Limited property and mill the same at the Orchan Mines Limited mill.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                             |                                                    |                                 |                       |                                                |                                             |          |                                       |                 |          |                                                  |                                          |          |                                              |                                       |           |                                                    |                                  |           |                                            |                                  |



SCHEDULE "A" TO THE TORONTO STOCK EXCHANGE  
FILING STATEMENT OF ORCHAN MINES LIMITED  
DATED THE 3RD DAY OF JANUARY, 1968.

By Agreement dated the 31st day of May, 1966 Conwest Exploration Company Limited, Suite 1001 Federal Building, 85 Richmond Street West, Toronto 1, Ontario, Coniska Copper Mines Limited, Suite 1001 Federal Building, 85 Richmond Street West, Toronto 1, Ontario, Kennco Exploration (Canada) Limited, Suite 1130, 25 King Street West, Toronto 1, Ontario, and William Paul Hammond, c/o McIntyre Porcupine Mines Limited, Suite 1500, 25 King Street West, Toronto 1, Ontario, being the holders of 1,444,304 shares of Garon Lake Mines Limited, being all of the issued shares of the said Garon Lake Mines Limited, gave and granted to Orchan Mines Limited the sole and exclusive right and option to acquire the said shares on or before January 9, 1968 for 72,215 fully paid and non-assessable shares of Orchan Mines Limited. Orchan Mines Limited is desirous of exercising the said option on or before January 9, 1968.

Garon Lake Mines Limited is the recorded and beneficial holder of 35 mining claims situate in the Township of Isle Dieu, in the County of Abitibi, Province of Quebec, described as follows: Development Licences Nos. 115329 (cls. 1 to 5), 115330 (cls. 1 to 5), 115331 (cls. 1 to 5), 115332 (cls. 1 to 5), 115333 (cls. 1 to 5), 115334 (cls. 1 to 5) and 115335 (cls. 1 to 5). Pursuant to the said Agreement aforementioned Orchan was obliged to perform on the mining claims on or before July 20, 1967 exploration and development work to the cost of not less than \$25,000.00 which work was performed on or before the said date.

SCHEDULE "B" TO THE TORONTO STOCK EXCHANGE  
FILING STATEMENT OF ORCHAN MINES LIMITED  
DATED THE 3RD DAY OF JANUARY, 1968.

ORCHAN MINES LIMITED

SCHEDULE OF INVESTMENT AT SEPTEMBER 30, 1967

| <u>NAME OF SECURITY</u>                                            | <u>No. of Shares</u> | <u>Book Value</u> | <u>Market Value</u> |
|--------------------------------------------------------------------|----------------------|-------------------|---------------------|
| Canadian Electrolytic Zinc Limited                                 | 375                  | \$ 375.00         | Nil                 |
| Norsartic -<br>(Advance written down)                              |                      | 1.00              | Nil                 |
| General Smelting Limited - 18.75% of                               | 90,200*              | 169,125.00        | Nil                 |
| St. Lawrence Fertilizer Limited - 18.75% of                        | 72,500*              | 135,937.50        | Nil                 |
| Canad Beleggingsmaatschappij NV - 18.75% of                        | 100*                 | 563.81            | Nil                 |
| Canad Beleggingsmaatschappij<br>(Advance - 18.75% of \$469,382.59) |                      | 88,009.24         | Nil                 |
| Total investments at September 30, 1967                            |                      | \$394,011.55      |                     |

\* This is the number of shares held by Canadian Electrolytic Zinc Limited of which Orchan Mines Limited owns 18.75%

ORCHAN MINES LIMITED

SCHEDULE OF INVESTMENTS AT DECEMBER 31, 1967

| <u>NAME OF SECURITY</u>                                               | <u>No. of Shares</u> | <u>Book Value</u> | <u>Market Value</u> |
|-----------------------------------------------------------------------|----------------------|-------------------|---------------------|
| Canadian Electrolytic Zinc Limited                                    | 375                  | \$ 375.00         | Nil                 |
| General Smelting Limited - 18.75% of                                  | * 3,300              | 169,125.00        | Nil                 |
| St. Lawrence Fertilizer Limited - 18.75% of                           | * 72,500             | 135,937.50        | Nil                 |
| Canad Beleggingsmaatschappij NV - 18.75% of                           | * 100                | 563.81            | Nil                 |
| Canad Beleggingsmaatschappij NV<br>(Advance - 18.75% of \$416,254.41) |                      | 78,047.70         | Nil                 |
| Total investments at December 31, 1967                                |                      | \$384,049.01      |                     |

\* This is the number of shares held by Canadian Electrolytic Zinc Limited of which Orchan Mines Limited owns 18.75%.



SCHEDULE "C" TO THE TORONTO STOCK EXCHANGE  
FILING STATEMENT OF ORCHAN MINES LIMITED  
DATED THE 3RD DAY OF JANUARY, 1968.

1. Zinc Plant Participation Agreement dated December 21, 1961, between Mattagami Lake Mines Limited, Orchan Mines Limited, Geco Mines Limited, Quemont Mining Corporation Limited and Normetal Mining Corporation Limited.
2. Zinc Plant First Refusal Agreement between the above parties and dated December 21, 1961.
3. Zinc Concentrates Pooling Agreement between the above parties and dated December 21, 1961.
4. Zinc Plant Management Agreement dated December 21, 1961 between Mattagami Lake Mines Limited, Orchan Mines Limited, Geco Mines Limited, Quemont Mining Corporation Limited and Normetal Mining Corporation Limited as parties of the first part and Noranda Mines, Limited as party of the second part.
5. Sales Agency Agreement between Mattagami Lake Mines Limited, Orchan Mines Limited, Geco Mines Limited, Quemont Mining Corporation Limited and Normetal Mining Corporation Limited as parties of the first part and Noranda Sales Corporation Limited of the second part.
6. Agreement dated as of December 21, 1961 between Mattagami Lake Mines Limited, Orchan Mines Limited, Geco Mines Limited, Quemont Mining Corporation Limited and Normetal Mining Corporation Limited of the first part and Canadian Electrolytic Zinc Limited of the second part under which the parties of the first part engaged Canadian Electrolytic Zinc Limited to do certain things on their behalf in connection with the zinc mine.
7. Agreement dated as of 21st December, 1961 between Noranda Mines, Limited, of the first part and Mattagami Lake Mines Limited, Orchan Mines Limited, Geco Mines Limited, Quemont Mining Corporation Limited and Normetal Mining Corporation Limited of the second part by which Noranda Mines, Limited assigns to the parties of the second part all rights acquired by Noranda Mines, Limited under the Asarco agreement therein mentioned and under which the parties of the second part agree to reimburse Noranda Mines, Limited as therein mentioned.
8. Agreement dated the 1st day of February, 1962 and subsequent agreements between the Company and New Hosco Mines Limited providing for the treatment of ore by the Company from the property of New Hosco Mines Limited.
9. Miscellaneous contracts such as shaft sinking, construction, etc.

## FINANCIAL STATEMENTS

### ORCHAN MINES LIMITED

#### CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 1967

#### ASSETS

|                                                                         | September 30<br>1967 | December 31<br>1966 |
|-------------------------------------------------------------------------|----------------------|---------------------|
| Current assets:                                                         |                      |                     |
| Cash, including short-term deposits                                     | \$ 279,575           | \$ 1,247,063        |
| Accounts and tolls receivable                                           | 178,334              | 373,960             |
| Metal on hand, in transit or due for settlement at net realizable value | 4,358,453            | 4,255,871           |
|                                                                         | <u>\$ 4,816,362</u>  | <u>\$ 5,876,894</u> |
| Deferred and prepaid items:                                             |                      |                     |
| Deferred preproduction and development expenditures - (net)             | \$ 2,089,693         | \$ 2,715,231        |
| Stores at cost                                                          | 376,346              | 471,969             |
| Government of Canada special refundable tax                             | 279,315              | 195,526             |
| Prepaid expenses and deposits                                           | 67,608               | 17,522              |
| Discount on debentures less amounts amortized                           | -                    | 959,375             |
|                                                                         | <u>\$ 2,812,962</u>  | <u>\$ 4,359,623</u> |
| Fixed assets:                                                           |                      |                     |
| Mining property and claims, at cost                                     | \$ 602,809           | \$ 602,809          |
| Land, buildings and equipment -                                         |                      |                     |
| Mine site - at cost                                                     | \$ 9,229,611         | \$ 9,047,566        |
| Zinc reduction plant - at cost                                          | 5,826,527            | 5,689,312           |
|                                                                         | <u>\$15,056,138</u>  | <u>\$14,736,878</u> |
| Less accumulated depreciation                                           | 4,620,686            | 3,523,149           |
|                                                                         | <u>\$10,435,452</u>  | <u>\$11,213,729</u> |
| Investments in other companies at cost less amounts written-off         | \$ 394,012           | \$ 394,012          |
|                                                                         | <u>\$19,061,597</u>  | <u>\$22,447,067</u> |



# LIABILITIES

## Current liabilities:

|                                                       |                   |                     |
|-------------------------------------------------------|-------------------|---------------------|
| Accrued debenture interest                            | \$ -              | \$ 372,438          |
| Accounts payable and accrued charges                  | 699,604           | 686,973             |
| Mining tax payable                                    | 265,003           | 217,508             |
| Sinking fund payment on debentures due April 30, 1967 | -                 | 1,500,000           |
|                                                       | <u>\$ 964,607</u> | <u>\$ 2,776,919</u> |

## Long term debt:

|                                              |                     |                     |
|----------------------------------------------|---------------------|---------------------|
| Bank loan                                    | \$ 4,550,000        | -                   |
| 6% secured income debenture series "A"       |                     |                     |
| maturing April 30, 1975                      | -                   | 9,210,000           |
| Less sinking fund payment due April 30, 1967 | -                   | 1,500,000           |
|                                              | <u>\$ 4,550,000</u> | <u>\$ 7,710,000</u> |

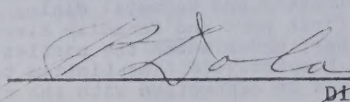
## Capital stock and surplus:

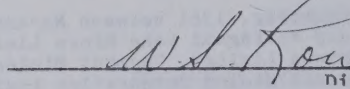
|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| Capital stock            |                     |                     |
| Issued: 5,986,505 shares | \$ 5,986,505        | \$ 5,986,505        |
| Less: Discount           | 2,613,750           | 2,613,750           |
|                          | <u>\$ 3,372,755</u> | <u>\$ 3,372,755</u> |

## Earned surplus:

|                                     |                     |                     |
|-------------------------------------|---------------------|---------------------|
| Balance beginning of period         | \$ 8,587,393        | \$ 5,350,676        |
| Discount on debentures, written off |                     |                     |
| on redemption                       | (959,375)           | -                   |
| Net profit                          | 2,546,217           | 3,236,717           |
| Balance end of period               | <u>\$10,174,235</u> | <u>\$ 8,587,393</u> |
|                                     | <u>\$13,546,990</u> | <u>\$11,960,148</u> |
|                                     | <u>\$19,061,597</u> | <u>\$22,447,067</u> |

APPROVED:

  
Director

  
Director

## ORCHAN MINES LIMITED

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1967

|                                             | <u>Net Profit Per Share</u> |                     |
|---------------------------------------------|-----------------------------|---------------------|
|                                             | <u>1967</u>                 | <u>1966</u>         |
| First Quarter                               | \$ .15                      | \$ .15              |
| Second Quarter                              | .12                         | .11                 |
| Third Quarter                               | .16                         | .14                 |
| Fourth Quarter                              | -                           | .14                 |
|                                             |                             | <u>\$ .54</u>       |
|                                             | <u>1967</u>                 | <u>1966</u>         |
|                                             | <u>Nine Months</u>          | <u>Nine Months</u>  |
| Tons milled - Orchan                        | 282,100                     | 274,500             |
| - New Hosco                                 | 245,900                     | 234,700             |
| Orchan production                           |                             |                     |
| - Contained copper - lbs.                   | 5,097,778                   | 5,968,812           |
| - Contained zinc - lbs.                     | 61,340,796                  | 53,893,212          |
| <u>REVENUE FROM METALS AND CUSTOM TOLLS</u> | <u>\$ 8,692,581</u>         | <u>\$ 8,242,654</u> |
| <u>EXPENSES</u>                             |                             |                     |
| Development, mining and concentrating       | \$ 2,038,285                | \$ 2,059,362        |
| Zinc reduction plant expenses               | 1,146,762                   | 735,000             |
| Administration expenses                     | 467,340                     | 420,790             |
| Interest on long-term debt                  | 319,503                     | 408,770             |
| Other interest (net)                        | (41,425)                    | (6,905)             |
| Quebec mining duties                        | 307,000                     | 313,383             |
|                                             | <u>\$ 4,237,465</u>         | <u>\$ 3,930,405</u> |
|                                             | <u>\$ 4,455,116</u>         | <u>\$ 4,312,249</u> |
| <u>DEPRECIATION AND AMORTIZATION</u>        |                             |                     |
| Buildings and equipment                     | \$ 1,119,600                | \$ 1,035,000        |
| Preproduction and deferred development      |                             |                     |
| expenditures                                | 789,300                     | 787,500             |
| Debenture discount                          | -                           | 86,355              |
|                                             | <u>\$ 1,908,900</u>         | <u>\$ 1,908,855</u> |
| NET PROFIT                                  | <u>\$ 2,546,216</u>         | <u>\$ 2,403,394</u> |
| NET PROFIT PER SHARE                        | <u>\$ .43</u>               | <u>\$ .40</u>       |

ORCHAN MINES LIMITED

CONSOLIDATED STATEMENT OF SOURCE & APPLICATION OF FUNDS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1967

Working capital, January 1, 1967

\$3,099,975

Source of Funds:

|                                |                     |
|--------------------------------|---------------------|
| Net profit                     | \$ 2,546,216        |
| Depreciation and amortization  | 1,908,900           |
| Bank loan                      | 7,300,000           |
| Stores - decrease in inventory | 95,623              |
|                                | <u>\$11,850,739</u> |

Application of Funds:

|                               |                     |
|-------------------------------|---------------------|
| Redemption of Debentures      | \$ 7,710,000        |
| Refundable Federal Tax        | 83,789              |
| Prepaid expenses and deposits | 50,086              |
| Development expenses deferred | 163,762             |
| Fixed assets - Mine Site      | 194,056             |
| - Zinc Plant                  | 147,266             |
| Repayment of Bank loan        | <u>2,750,000</u>    |
|                               | <u>\$11,098,959</u> |

Net increase in working capital

751,780

Working capital, September 30, 1967

\$3,851,755

## ENGINEER'S REPORT

### GARON LAKE MINES PROPERTY

#### INTRODUCTION

The Garon Lake Mines property consists of 35 mining claims in Isle Dieu Township, in the Mattagami Lake Mining Area of Quebec. These claims cover an area of about 1387.43 acres and are listed as follows:

| <u>Certificate</u> | <u>Claims</u> |
|--------------------|---------------|
| 115329             | 1 - 5         |
| 115330             | 1 - 5         |
| 115331             | 1 - 5         |
| 115332             | 1 - 5         |
| 115333             | 1 - 5         |
| 115334             | 1 - 5         |
| 115335             | 1 - 5         |

The work program was commenced in 1966 and consisted of the following:

Line cutting - Baseline - 3.8 miles  
picket lines (200' CENTRES) 34 miles

Geological Survey - Entire property examined and all outcrops mapped.

Magnetometer Survey - 34 miles of line were surveyed. The Vertical component of the earth's magnetic field was read for a total of 2105 measurements.

Electromagnetic Survey - The 34 miles of picket lines were surveyed with a Crone J.E.M. dual frequency unit at 300' separations.

The results of these surveys were studied and formed the basis for recommending diamond drilling.



## DIAMOND DRILLING

A total of 18,098 feet of drilling in 34 holes was done. The known sulphide zone was expanded and two new zones ("B" and "C") were found.

## ORE RESERVES

Reserves of drill indicated ore are as follows:  
(Please refer to longitudinal section)

|        | <u>Tons</u> | <u>% Cu</u> | <u>% Zn</u> | <u>Oz/ton Au</u> | <u>oz/ton Ag</u> |
|--------|-------------|-------------|-------------|------------------|------------------|
| Zone A | 240,650     | 2.57        | 1.76        | -                | 0.18             |
| Zone B | 26,560      | 1.20        | 19.22       | 0.011            | 1.22             |
| Zone C | 44,920      | 2.43        | 3.43        | 0.002            | 0.32             |
|        | <hr/>       | <hr/>       | <hr/>       | <hr/>            | <hr/>            |
| Total  | 312,130     | 2.43        | 3.49        | 0.002            | 0.32             |

Tonnage factor used in all calculations is 9 cubic feet per ton. Appendix A lists the details of the blocks shown on the longitudinal section.

Chances of finding more ore at depth are considered good if mining of the known deposit is commenced.

## COST OF EXPLORATION PROGRAM

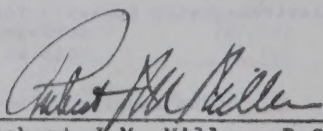
|                  |             |                    |
|------------------|-------------|--------------------|
| Geological       |             | \$ 3,201.35        |
| Geophysical      |             | 3,684.42           |
| Geochemical      |             | 1,126.17           |
| Line Cutting     |             | 1,787.57           |
| Diamond Drilling |             |                    |
| Contractors      | \$74,205.93 |                    |
| *Others          | 17,000.00   | 91,205.93          |
|                  |             | <hr/> \$101,005.44 |

\* includes engineering, coregrabbing, assaying, supplies transportation, office cost, supervision, this is approximate only.

## CONCLUSIONS AND RECOMMENDATIONS

It must be concluded that this deposit, located about 8 miles from the Orchan Mill, constitutes a small but possibly valuable source of ore for Orchan Mines Ltd., if satisfactory terms can be negotiated with the present owners.

It is recommended, therefore, that negotiations be commenced by Orchan Mines Ltd. to obtain the property of Garon Lake Mines Ltd.

  
Robert J.M. Miller, D.Sc.,  
M.G.A.C.

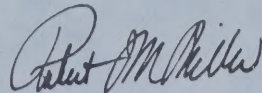
January 2, 1968.

CERTIFICATE

I, Robert J.M. Miller, Geologist and Mining Engineer of  
the Town of Oakville, Province of Ontario, hereby certify:

1. That I am a practising geologist and Mining Engineer  
and reside in the Town of Oakville in the Province of  
Ontario.
2. That I have graduated from the following Universities:  
1949 Wisconsin State University - Certificate in  
Mining Engineering  
1950 Missouri School of Mines, B.Sc. in Mining  
Engineering (Mining Geology)  
1952 Missouri School of Mines, M. Sc. in Mining  
Engineering (Mining Geology)  
1957 Laval University, D.Sc. in Geology
3. That I am a fellow in good standing of The Geological  
Association of Canada.
4. That I have no direct or indirect interest in Garon  
Lake Mines Ltd. nor do I expect to receive any interest  
as a result of this report.
5. That the facts and opinions in this report were obtained  
by personal observation or by persons directly under my  
supervision.

January 11, 1968.



Robert J.M. Miller, D.Sc., F.G.A.C.

APPENDIX A

ORE RESERVE CALCULATIONS

| lock   | Length<br>Feet | Height<br>Feet | Width<br>Feet | Tons   | Copper<br>% | Zinc<br>% | Gold<br>oz/ton | Silver<br>oz/ton |
|--------|----------------|----------------|---------------|--------|-------------|-----------|----------------|------------------|
| A - 1  | 50             | 80             | 5             | 2,220  | 2.81        | 0.30      | N/A            | 0.40             |
| A - 2  | 100            | 145            | 12            | 19,330 | 2.11        | 0.38      | N/A            | N/A              |
| A - 3  | 80             | 127            | 18            | 20,320 | 1.91        | 1.35      | N/A            | N/A              |
| A - 4  | 50             | 116            | 10            | 6,440  | 2.72        | 1.67      | N/A            | N/A              |
| A - 5  | 71             | 116            | 35            | 32,030 | 2.03        | 1.94      | 0.005          | 0.07             |
| A - 6  | 100            | 122            | 32            | 43,820 | 3.66        | 0.69      | 0.002          | 0.32             |
| A - 7  | 80             | 140            | 5             | 6,220  | 2.40        | 0.87      | Tr.            | 0.04             |
| A - 8  | 100            | 100            | 23            | 25,550 | 2.51        | 4.17      | 0.002          | 0.24             |
| A - 9  | 94             | 89             | 10            | 9,300  | 2.73        | 2.13      | N/A            | N/A              |
| A - 10 | 100            | 110            | 10            | 12,220 | 3.47        | 1.89      | Tr.            | 0.21             |
| A - 11 | 94             | 129            | 16            | 21,560 | 2.17        | 1.55      | N/A            | 0.38             |
| A - 12 | 100            | 42             | 6             | 2,800  | 2.26        | 2.33      | N/A            | Tr.              |
| A - 13 | 94             | 166            | 6             | 10,400 | 2.05        | 0.89      | N/A            | Tr.              |
| A - 14 | 100            | 125            | 5.5           | 7,640  | 2.48        | 2.18      | N/A            | 0.47             |
| A - 15 | 100            | 144            | 13            | 20,800 | 2.35        | 3.08      | N/A            | 0.30             |
| B - 1  | 100            | 71             | 7             | 5,520  | 0.92        | 16.47     | Tr.            | 0.50             |
| B - 2  | 100            | 92             | 16.4          | 16,760 | 1.38        | 17.51     | 0.017          | 1.53             |
| B - 3  | 100            | 104            | 3.7           | 4,280  | 0.85        | 29.48     | 0.003          | 0.96             |
| C - 1  | 100            | 153            | 8.1           | 13,770 | 2.69        | 5.97      | 0.003          | 0.72             |
| C - 2  | 100            | 146            | 5.1           | 8,270  | 2.97        | 3.33      | 0.003          | 0.88             |
| C - 3  | 100            | 195            | 5.8           | 12,570 | 2.24        | 2.13      | Tr.            | 0.20             |
| C - 4  | 100            | 160            | 5.8           | 10,310 | 1.83        | 2.50      | 0.003          | 0.40             |



|                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------|----------------------------------------------------|----------|---------------------------------------|-----------|----------------------------------------------------------|-----------|---------------------------------------------------|-------------|
| 10. Brief statement of company's chief development work during past year.                                                                                                                                                                                                                                          | As the Company is a producing mine its chief development work during the past year will be found in its Annual Report to its shareholders. Since the agreement with Conwest Exploration Company Limited at al dated May 31, 1966 and referred to in Schedule "A" hereto the Company has spent the approximate sum of \$100,000.00 on the Garon Lake Mines Limited property consisting of geological, geophysical and geochemical surveys. line cutting and diamond drilling.                                                                                                                                                                                                                                                                                                                                                                                                              |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.                                                                                                                                                                   | 11. See Schedule "A" forming part of this Filing Statement. See Schedule "A" on page 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.                 | None to the knowledge of the undersigned except as in Schedule "A".<br>See Schedule "A" on page 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.                                                                                                                                                                                              | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)                                                                                      | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <table> <tr> <td>J.P. Cannon &amp; Company Limited, 372 Bay Street, Toronto</td> <td>88,370 shares</td> </tr> <tr> <td>Giles &amp; Company, 900 West Pender Street, Vancouver</td> <td>95,740 "</td> </tr> <tr> <td>Bay &amp; Company, 53 King St.W., Toronto</td> <td>119,849 "</td> </tr> <tr> <td>Kerr Addison Mines Limited, 44 King Street West, Toronto</td> <td>642,800 "</td> </tr> <tr> <td>Noranda Mines, Limited, 44 King St. West, Toronto</td> <td>2,703,310 "</td> </tr> </table> <p>The undersigned do not know the beneficial owners of the shares registered in the names of J. P. Cannon &amp; Company Limited, Giles &amp; Company and Bay &amp; Company except that of the shares registered in the name of Bay &amp; Company J. P. Dolan is the beneficial owner of 4,697 thereof and Docam Mining Exploration Limited is the beneficial owner of 8,842 thereof.</p> | J.P. Cannon & Company Limited, 372 Bay Street, Toronto | 88,370 shares | Giles & Company, 900 West Pender Street, Vancouver | 95,740 " | Bay & Company, 53 King St.W., Toronto | 119,849 " | Kerr Addison Mines Limited, 44 King Street West, Toronto | 642,800 " | Noranda Mines, Limited, 44 King St. West, Toronto | 2,703,310 " |
| J.P. Cannon & Company Limited, 372 Bay Street, Toronto                                                                                                                                                                                                                                                             | 88,370 shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| Giles & Company, 900 West Pender Street, Vancouver                                                                                                                                                                                                                                                                 | 95,740 "                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| Bay & Company, 53 King St.W., Toronto                                                                                                                                                                                                                                                                              | 119,849 "                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| Kerr Addison Mines Limited, 44 King Street West, Toronto                                                                                                                                                                                                                                                           | 642,800 "                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| Noranda Mines, Limited, 44 King St. West, Toronto                                                                                                                                                                                                                                                                  | 2,703,310 "                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.                                                                                                                                                                                              | Noranda Mines, Limited, 44 King Street West, Toronto                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.                                                                                                                                    | See Schedule "B" on page 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 18. Brief statement of any lawsuits pending or in process against company or its properties.                                                                                                                                                                                                                       | Early in 1963 an action was commenced in the Superior Court of Quebec in which the Plaintiff requested the Court to declare the nullity of the mining concession and the patent therefor issued to Orchan Mines Limited (comprising the whole of the Orchan mining property) and to declare valid and legal the staking by him of certain mining claims covered by this mining concession. This Company thereupon filed a defence and Inscription in Law, and since that time no further proceedings have been made by the Plaintiff. In the opinion of the Company solicitors the action is ill founded.                                                                                                                                                                                                                                                                                 |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.                                                                                                                                      | See Schedule "C" on page 3.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |
| 20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.                                                                                                                                             | There are no material facts not disclosed in the foregoing. None of the shares of the Company are, to the knowledge of the undersigned, in the course of primary distribution to the public.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                        |               |                                                    |          |                                       |           |                                                          |           |                                                   |             |

**CERTIFICATE OF THE COMPANY**

DATED January 3<sup>rd</sup>, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.P. Dolan"

CORPORATE  
SEAL

"R.C. Ashenhurst"

**CERTIFICATE OF UNDERWRITER OR OPTIONEE**

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)